

STATINTL

Approved For Release 2002/01/10 : CIA-RDP75B003

Calendar No. 491

93D CONGRESS  
1st Session

SENATE

REPORT  
No. 93-517 FILE

CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT AMENDMENT  
AND COST OF LIVING INCREASES IN PAY AND ALLOWANCES FOR  
CERTAIN OFFICERS OF THE ARMED FORCES

NOVEMBER 15, 1973.—Ordered to be printed

Mr. SYMINGTON, from the Committee on Armed Services,  
submitted the following

REPORT

[To accompany S. 2714]

The Committee on Armed Services, having had under consideration the question of certain changes to the Central Intelligence Agency retirement laws and increases in the pay and allowances of certain officers of the Armed Forces, reports the following bill (S. 2714), to amend section 291(b) of the Central Intelligence Agency Retirement Act of 1964 for certain employees and to provide cost of living increases in the pay and allowances of certain officers of the Armed Forces, and recommends that it do pass.

PURPOSE OF THE BILL

The purposes of the bill are:

- (1) To amend the Central Intelligence Agency Retirement Act of 1964 for certain employees to incorporate in such act the changes recently made by Public Law 93-136 to the cost of living adjustments provided for retired personnel of the civil service system.
- (2) To increase the pay and allowances of certain retired officers of the Armed Forces to reflect changes in the Consumer Price Index.

CHANGE TO CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT OF 1964

The first section of the bill amends section 291 of the Central Intelligence Agency Retirement Act of 1964 to incorporate in such act the changes recently made by Public Law 93-136 to the cost of living adjustments provided for retired personnel of the civil service system.

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Public Law 93-136 provides that all civil service retirees who retire after the effective date of a cost-of-living increase, but before the next cost-of-living increase becomes effective, may be entitled to the earlier increase. Prior to this, in order to receive a retired cost-of-living increase one must have been retired on that effective date, which caused thousands to retire in order to take advantage of the increase. This peaked retirements in one short period which disrupted work requirements. It also created the situation whereby an employee, who was separated for retirement soon after the effective date of an increase, received a smaller annuity than an employee who retired before the effective date, even though the employee who retired later had more service and a larger high 3-year average salary (used as a base in computing retirement pay).

In short, this is conforming legislation which provides the same benefits to Central Intelligence Agency retirees in regard to cost-of-living adjustments of retired pay as provided to civil service retirees under Public Law 93-136.

#### Cost

It is estimated that this legislation will increase the unfunded liability of the CIA Retirement and Disability Fund by \$100,000 in the case of retirees and survivors since July 2, 1973 and by about \$35,000 for those who would be made eligible for the cost-of-living adjustment which is scheduled to take effect on January 1, 1974.

#### COST OF LIVING INCREASES FOR CERTAIN RETIRED OFFICERS

The bill would also provide an increase of approximately 39% in the monthly retired pay of General Omar Bradley, USA, (from \$1,846.22 to \$2,577.58) and General Carl Spaatz, USAF, (from \$1,810.27 to \$2,527.39). This 39% increase represents the compounding of the seven cost of living increases that have been provided all other military retirees since October 1, 1967, which was the last date that Generals Bradley and Spaatz received increases in their retirement pay. The committee felt that it was only fair to provide these two heroes of World War II the same entitlements provided all other military retirees. In addition, the bill would provide that both generals' retirement pay would be adjusted automatically in the future by increases in the Consumer Price Index as provided for by law for all other military retirees. There would be no retroactive "lump sum" payments made resulting from enactment of this legislation.

#### BACKGROUND

Public Law 80-791, 26 June 1948 authorized the President to appoint in the Regular Army and the Regular Air Force one officer in the permanent grade of general and in the Regular Navy one officer in the permanent grade of admiral. This law further provided that the officers appointed would be entitled to receive the same pay and allowances while on the retired list as authorized by law for officers on the active list serving in the grade of general. The officers affected

were General Bradley of the Army, Admiral Spruance of the Navy and General Spaatz of the Air Force. Similar legislation, Public Law 79-333, had been enacted in 1946 affecting Generals Marshall, MacArthur, Eisenhower and Arnold of the Army; Admirals Leahy, King and Nimitz of the Navy and General Vandegrift of the Marine Corps (all of whom are deceased). Only Generals Bradley and Spaatz are living of all the general officers covered under special retirement legislation.

Prior to 1 June 1958 retired pay of military personnel was computed as a percentage of the basic pay of a member on active duty of equal grade and service. Whenever basic pay was increased, retired pay was correspondingly increased.

Public Law 85-422, approved 20 May 1958, changed the method of computing retired pay for all military personnel and Section 7 of that law specified that each officer entitled to pay and allowances under Public Law 79-333 or Public Law 80-791 would continue to receive the pay and allowances to which he was entitled on the day before the effective date of Public Law 85-422.

Since enactment of Public Law 85-422 in 1958, Generals Bradley and Spaatz have received an increase in retired pay only when the officers retired under Public Law 79-333 and Public Law 80-791 were specifically authorized by law. This occurred in 1966 (3.2%) and 1967 (4.5%).

#### DEPARTMENTAL DATA

The Department of Defense has no objection to the increase in retirement pay for Generals Bradley and Spaatz as provided by the bill. The following letter was received by the Committee in support of the portion of the bill relating to the Central Intelligence Agency.

CENTRAL INTELLIGENCE AGENCY,  
Washington, D.C., Nov. 5, 1973.

HON. JAMES O. EASTLAND,  
*President pro tempore of the Senate,*  
Washington, D.C.

DEAR MR. PRESIDENT: This letter transmits for the consideration of the Congress a draft bill to amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended.

The proposed legislation conforms the Central Intelligence Agency Retirement Act to changes approved in Public Law 93-136 for the Civil Service retirement system by guaranteeing to a retiree or his survivor a minimum annuity equal to what would have been payable had the retiree been eligible for the most recent cost of living adjustment of annuity. The effective date of the proposed legislation is identical to that approved in Public Law 93-136.

A number of key features in the Central Intelligence Agency Retirement Act, including the cost of living adjustment provision, are based upon Civil Service retirement provisions. Enactment of the proposed legislation will assure that the Central Intelligence Agency retirement system remains in line with the Civil Service system in this important area.

We would appreciate early and favorable consideration of the proposed bill. The Office of Management and Budget has advised that there is no objection to presenting the proposed bill to the Congress from the standpoint of the Administration's program.

Sincerely,

W. E. COLBY, *Director.*

Enclosure.

A BILL To amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That* Section 291(b) of the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, as amended (78 Stat. 1043; 50 U.S.C. 403 note) is further amended--

(1) by renumbering paragraphs (1), (2) and (3) as paragraphs (2), (3) and (4) respectively; and

(2) by inserting the following new paragraph (1):

“(1) An annuity (except a discontinued service benefit under section 234(a)) which:

(i) is payable from the fund to a participant who retires, or to the widow or widower of a deceased participant; and

(ii) has a commencing date after the effective date of the then last preceding annuity increase under section 291(a);

shall not be less than the annuity which would have been payable if the commencing date of such annuity had been the effective date of the then last preceding annuity increase under section 291(a). In the administration of this paragraph, a participant or deceased participant shall be deemed, for the purposes of section 221(h), to have to his credit, on the effective date of the then last preceding annuity increase under section 291(a), a number of days of unused sick leave equal to the number of days of unused sick leave to his credit on the date of his separation from the Agency.”

SEC. 2. The amendments made by this Act shall apply only with respect to annuities which commence on or after 2 July 1973.

#### CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law proposed to be made by the bill are shown as follows: Existing law to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman.

CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT  
OF 1964 FOR CERTAIN EMPLOYEES, AS AMENDED

(78 Stat. 1043, 50 U.S.C.A. 403 note)

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TITLE II—THE CENTRAL INTELLIGENCE AGENCY RETIREMENT AND  
DISABILITY SYSTEM

PART J—COST OF LIVING ADJUSTMENT OF ANNUITIES

SEC. 291. (a) On the basis of determinations made by the Director pertaining to per centum change in the Price Index, the following adjustments shall be made:

(1) Each annuity payable from the fund on January 1, 1967, shall be increased on that date by (a) 12.4 per centum for annuities which commence on or before January 1, 1966, or (b) 4.9 per centum for annuities which commence on or between January 2, 1966, and January 1, 1967.

(2) Each month beginning with November 1966, the Director shall determine the per centum change in the price index. Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the base month, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by 1 per centum plus the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum.

(b) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

(1) *An annuity (except a discontinued service benefit under section 234(a)) which:*

(i) *is payable from the fund to a participant who retires, or to the widow or widower of a deceased participant; and*

(ii) *has a commencing date after the effective date of the then last preceding annuity increase under section 291(a);*

*shall not be less than the annuity which would have been payable if the commencing date of such annuity had been the effective date of the then last preceding annuity increase under section 291(a). In the administration of this paragraph, a participant or deceased participant shall be deemed, for the purposes of section 221(h), to have to his credit, on the effective date of the then last preceding annuity increase under section 291(a), a number of days of unused sick leave equal to the number of days of unused sick leave to his credit on the date of his separation from the Agency.*

[(1)](2) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221(c)), which annuity commences the day after annuitant's death and after January 1, 1967, shall be increased by the total per centum increase the annuitant was receiving under this section at death; or if death occurred between January 1, 1967, and date of enactment, the per centum increase the annuitant would have received.

【(2)】(3) For the purpose of computing the annuity of a child under section 221(c) that commences after October 31, 1969, the items \$900, \$1,080, \$2,700, and \$3,240 appearing in section 221(c) shall be increased by the total per centum increases allowed and in force under this section on or after such day, and, in case of a deceased annuitant, the items 60 per centum and 75 per centum appearing in section 221(c) shall be increased by the total per centum allowed and in force to the annuitant under this section on or after such day.

【(3)】(4) The annuity of each surviving child receiving an annuity under section 221 immediately prior to November 1, 1969, shall be recomputed effective November 1, 1969, in accordance with paragraph (b)(2). No increase allowed and in force prior to such date under section 291 shall be included in the recomputation of any such annuity, and this paragraph shall not operate to reduce any annuity.

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